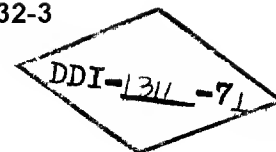


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27 May 1971

MEMORANDUM FOR: Deputy Director for Intelligence

SUBJECT : More News on Kama River

1. A protocol was recently signed by Mack Trucks and the chief of a high level Soviet delegation visiting the United States. If the protocol is fully carried out, the huge Soviet truck plant now being built on the Kama River, will receive extensive U.S. engineering and technological assistance.

2. The protocol proposes that Mack act as principal consultant for engineering services and for Western purchased equipment; if firm contracts result the combined value could reach \$700 million. However, the Soviets have kept their options open and retain the right to buy or not buy equipment which Mack recommends. They are not above inflating their real purchasing intentions in the early stages of negotiations in order to obtain U.S. government export approval. Also, the value of U.S. equipment exports will depend heavily on Mack obtaining the necessary export licenses.

3. However, if export licenses are granted, the USSR almost certainly will purchase a substantial volume of U.S.-manufactured plant equipment. The Soviets are particularly anxious to procure American foundry equipment and specialized machine tools for automotive production.

4. The formidable engineering and management responsibilities for the Kama River plant, which Mack seems prepared to assume, have been declined by other Free World truck producers who have considerably greater technical personnel resources than Mack. These include Chrysler, Ford, FIAT, and Daimler-Benz.



EDWARD L. ALLEN  
Director  
Economic Research

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